

PUBLIC DISCLOSURE

February 23, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

THE LOWELL FIVE CENTS SAVINGS BANK

Cert. # 90227

34 JOHN STREET

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Division of Banks

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<p>NOTE: This document is an evaluation of the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Federal Deposit Insurance Corporation or the Division of Banks concerning the safety and soundness of this financial institution.</p>

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GENERAL INFORMATION

The Community Reinvestment Act (“CRA”) requires the Federal Deposit Insurance Corporation (“FDIC”) and the Massachusetts Division of Banks (“Division”) to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agencies must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **The Lowell Five Cents Savings Bank (“Lowell Five” or the “Bank”)** prepared by the Division and the FDIC, the institution's supervisory agencies, as of **February 23, 2015**. The agencies evaluate performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution's branches. The Division and FDIC rate the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00 and Part 345 of the FDIC's Rules and Regulations.

INSTITUTION'S CRA RATING

This institution is rated “Satisfactory” by the Division and “Satisfactory” by the FDIC.

LENDING, INVESTMENT, AND SERVICE TEST TABLE

PERFORMANCE TESTS The Lowell Five Cents Savings Bank			
Performance Levels	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			X
Satisfactory**	X	X	
Needs to Improve			
Substantial Non-Compliance			

*Note: The Lending Test is weighed more heavily than the Service and Investment Tests when arriving at an overall rating.

**Note: FDIC rules and regulations stipulate use of a high satisfactory and low satisfactory rating for the three tests. For purposes of this jointly issued public evaluation, the term “Satisfactory” will be used in lieu of the “Low Satisfactory” rating for the lending, investment, and service test ratings.

LENDING TEST

The Bank's Lending Test performance is rated "Satisfactory."

- Overall, the Bank's home mortgage and small business lending activity reflects adequate responsiveness to assessment area credit needs considering the size of the institution, its loan portfolio composition, and the significant level of competition within the assessment area.
- An adequate percentage of small business and home mortgage loans were originated within the assessment area.
- The geographic distribution of the Bank's home mortgage and small business loans reflects good dispersion throughout the assessment area, especially in low- and moderate-income geographies, when compared to assessment area demographics and aggregate lending performance.
- Overall, the borrower distribution of the Bank's home mortgage and small business loans represents adequate penetration to businesses of different sizes and individuals of different income levels.
- The Bank provided a relatively high level of community development loans within its assessment area or the broader regional area, given its asset size and financial resources. These loans primarily benefitted organizations and businesses that provide affordable housing and economic development throughout the area.
- The Bank makes limited use of innovative and flexible lending programs to meet the credit needs of small businesses, first-time homebuyers, and low- and moderate-income borrowers. These programs are provided internally by the Bank and through various partnerships with federal, state, and community development organizations.

INVESTMENT TEST

The institution's Investment Test performance is rated "Satisfactory."

- Overall, the Bank has an adequate level of qualified community development investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors.
- The institution exhibits adequate responsiveness to the credit and community economic development needs of the overall assessment area, with emphasis on the Massachusetts portion.
- The Bank made three equity investments to two qualified organizations in the evaluation period, totaling approximately \$1.2 million. The number of equity investments is an increase since the last examination. Additionally, the Bank compared favorably to the similarly situated banks in terms of the number of equity investments.
- The Bank had \$333,800 in qualified donations and grants during the evaluation period. The level of qualified donations was similar to the last examination.

SERVICE TEST

The institution's Service Test performance is rated "High Satisfactory."

- Overall, the Bank provides a relatively high level of community development services. Senior management is actively involved in community development organizations and financial education.
- Delivery systems are reasonably accessible to essentially all portions of the Bank's assessment area. The Bank's main branch is located in Lowell, Massachusetts (MA), a low-

income census tract. Additionally, two other branches are located in moderate-income census tracts.

- To the extent changes have been made, the Bank's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or individuals. The Bank opened three branches during the evaluation period: Nashua, New Hampshire (NH); an upper-income census tract; North Andover, MA; a middle-income census tract; and Westford, MA; an upper-income census tract. The bank has not closed any branches. A standalone ATM was also opened in North Andover, MA in a middle-income census tract. The Bank also moved a branch in Lowell, MA across the street remaining in a moderate-income census tract. The new location provided a drive-up accessibility and additional parking.
- Services do not vary in a way that inconveniences portions of the assessment area, particularly in low- and moderate-income geographies and/or individuals. Certain branches do close early on Wednesdays; however, those same branches stay open later on Thursdays.

PERFORMANCE CONTEXT

Description of Institution

Lowell Five was formed as a full-service mutual savings bank, incorporated under the laws of the Commonwealth of Massachusetts (MA) in 1854. In 2011, Lowell Five converted into a mutual holding company, Lowell Five Bancorp, MHC, with a mid-tier holding company, Lowell Five Bancorp, Inc. The Bank's operation center and main branch are located in the City of Lowell. In May 2012, the Bank opened a branch location in Nashua, New Hampshire (NH) and in January 2013 the Bank opened a branch in North Andover, MA. Additionally, the Bank closed a branch in Westford, MA, and re-opened the branch across the street. In total, Lowell Five operates 16 full-service branches throughout Essex and Middlesex counties in MA and Hillsborough County in NH. In addition to the main office, Lowell Five operates one full-service branch in Lowell, MA. Additionally, two full-service branches are located in Tewksbury and Westford, MA and one full-service branch is located in each of the following towns: Billerica, Chelmsford, Dracut, Haverhill, Lowell, North Andover, North Chelmsford, Pepperell, Tyngsboro, and Wilmington, MA, and Nashua, NH. The Tyngsboro office is a school branch located inside the Greater Lowell Technical High School and one office in Westford is a school branch located in Nashoba Valley Technical High School.

Lowell Five offers a wide array of financial products and services to consumers and businesses. In terms of credit services, the Bank extends an assortment of secured and unsecured consumer loan products, inclusive of home equity lines of credit; home equity loans; overdraft protection; personal loans; automobile loans; and home improvement loans. Additionally, the Bank offers a wide variety of home mortgage programs such as conventional loan products for the purchase, refinance, improvement, and construction of residential property. In terms of deposit services, customers have the option of choosing from a variety of checking, savings, and retirement accounts. Investment and insurance services are also offered by unaffiliated third parties.

As of December 31, 2014, the Bank's assets totaled approximately \$949 million. This represents an increase of 29.1 percent since the previous evaluation, conducted on October 5, 2011. The Bank is primarily a residential real estate lender, with 1-4 family and multi-family secured loans representing the largest portion of the Bank's portfolio at 57.1 percent. Commercial loans and commercial loans secured by nonfarm nonresidential properties represent 31.0 percent. Refer to Table 1 for further information regarding the Bank's loan portfolio.

Table 1 – Loan Portfolio Distribution as of December 31, 2014		
Loan Type	Dollar Amount \$(‘000s)	Percent of Total Loans
Construction and Land Development, and Other Land	77,426	11.6
Secured by Farmland	0	0
Open-End Lines of Credit Secured by 1-4 Family Residential	26,508	4.0
Closed-End Loans Secured by First Liens: 1-4 Family Residential	270,808	40.6
Closed-End Loans Secured by Junior Liens: 1-4 Family Residential	3,034	0.4
Secured by Multi-Family (5 or more) Residential Properties	80,542	12.1
Secured by Nonfarm Nonresidential Properties	150,060	22.5
Total Secured by Real Estate	608,378	91.2
Commercial and Industrial	56,794	8.5
Loans to Individuals for Household, Family, or Other Personal Expenditures	2,451	0.3
Obligations of States and Political Subdivisions in the U.S.	0	0
Other Loans	35	<1.0
Lease Financing Receivables	0	0
Total Loans	667,658	100.0%
<i>Source: December 31, 2014 Call Report</i>		

The FDIC and Division last evaluated the Bank’s CRA performance on October 5, 2011, and assigned an overall rating of “Satisfactory.” There are no apparent financial, legal, or other impediments that would limit the Bank’s ability to help meet the credit needs of its assessment area.

Description of Assessment Area

The CRA requires financial institutions to define a specific assessment area(s) within which the Bank will concentrate its lending efforts. The FDIC evaluates an institution’s CRA performance within the defined assessment area(s). Assessment areas are expected to consist of Metropolitan Statistical Areas (“MSAs”), Metropolitan Divisions (“MDs”), or contiguous political subdivisions such as counties, cities, towns, or census tracts. The assessment area, as currently defined, meets the technical requirements of the regulation; the area does not arbitrarily exclude low- or moderate-income areas, is made up of whole geographies, and does not extend significantly beyond state boundaries.

Geographies

The Bank’s assessment area is composed of the 20 cities/towns across two states and three counties. Table 2 details the overall assessment area.

Table 2 – Assessment Area Cities and Towns	
Middlesex County, MA	
Billerica	Pepperell
Chelmsford	Tewksbury
Dracut	Townsend
Dunstable	Tyngsboro
Groton	Westford
Lowell	Wilmington
Essex County, MA	
Andover	Methuen
Haverhill	North Andover*
Lawrence	
Hillsborough County, NH	
Hudson	Pelham
Nashua**	
*Added in 2013	
**Added in 2012	

Lowell Five delineated one contiguous assessment area consisting of 149 census tracts (CTs) located in MA and NH. The 125 CTs in MA are located in Middlesex and Essex counties. The area is made up of 17 cities and towns. In NH, 3 communities comprise 24 CTs that are located in Hillsborough County.

The Massachusetts cities and towns in Middlesex and Essex counties are located in the Cambridge-Newton-Framingham, MA MD #15764. This MD is part of the Boston-Cambridge-Quincy, MA-NH MSA #14460. All of the Bank's New Hampshire communities in Hillsborough County are located in the Manchester-Nashua, NH MSA #31700.

The *Geographic Distribution* section of the Lending Test assesses the distribution of loans by CT income level, especially in those designated low- and moderate-income. Each CT is assigned an income level based on the median family income (MFI) of the tract as compared to the MFI established for the MSA or MD in which the tract is located. The four income levels are defined as follows:

Low-Income: Less than 50 percent of MFI

Moderate-Income: At least 50 percent, but less than 80 percent of MFI

Middle-Income: At least 80 percent, but less than 120 percent of MFI

Upper-Income: 120 percent or greater of MFI

In 2013 the assessment area included 22 low-income CTs, 34 moderate-income CTs, 63 middle-income CTs, and 30 upper-income CTs.

On January 1, 2014, the CT income designation of the assessment area changed. This change did not impact the boundaries of the assessment area or the overall number of census tracts; however, 24 CT designations in MA changed. Specifically, 6 moderate-income CTs became low-income CTs, 3 middle-income CTs became moderate-income CTs, 5 upper-income CTs became middle-income CTs, 1 low-income CT became a moderate-income CT, 3 moderate-income CTs became middle-income CTs, and 6 middle-income CTs became upper-income CTs. The changes in CT designation did not affect any CTs in NH. As of January 1, 2014, the assessment area included 27 low-income CTs, 29 moderate-income CTs, 62 middle-income CTs, 31-upper-income CTs.

Population Data

The geographies comprising the assessment area are a mix of urban and suburban. The total population of the assessment area as of the 2010 U.S. Census was 698,720. The U.S. Census Bureau defines a household as all persons occupying a housing unit. Income figures are based on the incomes of all contributing members of a household. As of the 2010 United States (“U.S.”) Census, there were 254,845 households within the assessment area. The assessment area had 176,651 family households (a household where two or more occupants are related by birth, marriage, or adoption).

In 2013, 24.0 percent of the household families were low-income, 18.6 percent were moderate-income, 22.2 percent were middle-income, and 35.2 percent were upper-income. In 2014, 24.3 percent were low-income, 18.3 percent were moderate-income, 21.8 percent were middle-income, and 35.6 percent were upper-income. The 2010 U.S. Census also indicates that 7.2 percent of families in the assessment area live below the poverty level. This poverty level is reflective of the state of MA ratio of 7.5 percent and slightly higher than the state of NH ratio of 5.1 percent. The distribution of families by income level is used as a demographic comparison under the Borrower Profile performance criterion.

Median Family Income Levels

The analysis under the *Borrower Characteristics* section of the Lending Test is based in part on the distribution of home mortgage loans to borrowers of different incomes, using the same four income levels defined in the previous section. The analysis utilizes income data from the 2010 U.S. Census that is annually adjusted by the Federal Financial Institutions Examination Council (“FFIEC”) for inflation and other economic events.

The 2013 and 2014 estimated MFIs for the Cambridge-Newton-Framingham, MA MD were \$101,000 and \$93,300, respectively. The 2013 and 2014 estimated MFIs for the Manchester-Nashua, NH MSA were \$84,700 and \$85,200, respectively. The largest concentration of families in the AA in 2013 and 2014 were in the upper-income category. Moderate-income families were the smallest group.

Housing Characteristics

According to the 2010 U.S. Census, the assessment area contained 270,677 housing units, of which 64.0 percent were owner-occupied, 30.1 percent were occupied-rental units, and 5.9 percent were vacant. Approximately 79.3 percent of the housing stock consisted of 1-4 family unit properties with an additional 20.0 percent classified as multi-family properties (five or more units). The median housing value for the assessment area was \$344,537 which is lower than the MA median housing value of \$352,300 and higher than the NH median housing value of \$253,200. The median gross monthly rent was \$975, which is also lower than the MA median gross monthly rent of \$1,006 and slightly higher than the NH median gross monthly rent of \$933.

In 2013, 4.1 percent of the owner-occupied housing was located in low-income CTs, 17.5 percent in moderate-income CTs, 54.5 percent in middle-income CTs, and 23.9 percent was in upper-income CTs. In 2014, 5.9 percent of the owner-occupied housing was located in low-income CTs, 15.2 percent in moderate-income CTs, 53.7 percent in middle-income CTs, and 25.2 percent was in upper-income CTs.

Competition

The Bank faces significant competition within the assessment area. In 2013 there were 440 lenders that originated 32,235 residential mortgage loans within the assessment area. Lowell Five ranked 30th with 228 loans and a market share of 0.7 percent. For small business loans, 124 lenders reported 47,714 small business loans in 2013 in the assessment area. Lowell Five ranked 32nd out of all lenders with a market share of 0.3 percent.

Unemployment Data

State, county, and municipality unemployment rates were obtained from the Bureau of Labor Statistics and reflect statistics for December 2014, the most recent data available. As of December 2014, the MA unemployment rate was 5.5 percent. By comparison, the unemployment rate in the Boston-Cambridge-Quincy, MA-NH MSA was 4.3 percent. This demographic region contains the majority of cities and towns within the Bank's assessment area. This information suggests that economic conditions in the assessment area are favorable compared to MA as a whole. The NH unemployment rate was 4.0 percent.

Business Demographic Data

In 2013 12.7 percent of businesses were in low-income CTs, 14.8 percent were in moderate-income CTs, 50.1 percent were in middle-income CTs, and 22.4 percent were in upper-income CTs. In 2014, 14.9 percent of businesses were in low-income CTs, 12.1 percent were in moderate-income CTs, 49.9 percent were in middle-income CTs, and 23.1 percent were in upper-income CTs. The *Borrower Profile* section of the Lending Test is based in part on the Bank's lending to the area's small businesses, which are defined as businesses with gross annual revenues ("GARs") of \$1.0 million or less. The percentage of assessment area businesses that met this definition was 72.9 percent in 2013 and 72.1 in 2014.

Community Contact

Two community contacts were conducted for this examination, one within Middlesex County and the other in Hillsborough County. One organization specializes in providing housing and other community services, including programs on homebuyer education, homelessness prevention, and affordable housing. The second organization also specializes in providing affordable housing within the Bank's NH assessment area.

The first contact expressed a need for financial education and banking alternatives to high-cost check cashers and money service businesses for the heavy influx of immigrants in the area, and to encourage trust building with the local financial institutions. The contact also noted there was a need for additional down payment assistance programs, VA loan programs, and affordable housing within the assessment area.

The second contact expressed the need for additionally affordable rental units and financial education. Similar to the first contact in MA, the second contact also expressed the need for additional down payment assistance programs or small dollar loan programs within NH.

SCOPE OF EVALUATION

This evaluation assesses Lowell Five's CRA performance utilizing the interagency Large Bank examination procedures, as established by the FFIEC. These procedures require three performance tests: the Lending Test, Investment Test, and Service Test.

The Lending Test considered the Bank's small business and home mortgage lending. Small farm loans were not originated during the evaluation period; therefore, this product line was not reviewed. Based on the distribution of loans, the Bank's performance in residential real estate lending carried greater weight in the Lending Test. Additionally, consumer loans were not reviewed since the Bank did not collect and report this data. This product line represented only 0.3 percent of the portfolio.

Data reviewed includes all originated or purchased home mortgage loans reported on the Bank's Home Mortgage Disclosure Act ("HMDA") loan application registers ("LARs") for 2013 and 2014. The LARs contains data about home purchase and home improvement loans, including refinances of 1-4 family and multi-family properties. The Bank reported 385 loans totaling \$96.7 million in 2013, and 237 loans totaling \$74.5 million in 2014. The Bank's 2013 home mortgage lending performance was compared against 2013 aggregate lending data. Aggregate data includes the lending activity of all institutions subject to HMDA reporting within the Bank's assessment area.

Additionally, all small business loans reported on the CRA loan registers for 2013 and 2014 were reviewed. Although technically an Intermediate Small Bank by asset size, Lowell Five chose to be evaluated as a Large Bank; therefore, Lowell Five collected and reported small business lending data. The registers contain information on originated commercial real estate and commercial and industrial loans with original balances of \$1 million or less. The Bank reported 169 small business loans totaling \$28.5 million in 2013 and 110 loans totaling \$25.9 million in 2014. The Bank's 2013 performance was compared to 2013 aggregate data, which includes all small business loans reported in the counties that comprise the assessment area. This excludes activity of many institutions not required by the CRA to report this data.

Although both the number and dollar volume of the Bank's home mortgage and small business loans were reviewed, the number of originations was weighted more heavily than the dollar volume. This is because the number of loans is less likely to be influenced by factors such as business size, applicant income level, or varying real estate values within the Bank's assessment area. If dollar volume was emphasized, higher income borrowers or geographic areas would generally appear to receive a larger percentage of loans simply because each loan is likely to be a larger dollar amount.

Lending information was also compared to demographic data. Demographic information was primarily obtained from the 2010 United States (U.S.) Census. Business demographic information was obtained from Dun & Bradstreet (D&B). Financial data was generally obtained from the December 31, 2014 Call Report.

The Investment Test and Service Test considered the number and dollar amount of qualified investments and community development services between November 1, 2012 and February 22, 2015. The evaluation also considered all community development loans and flexible lending programs during this timeframe; however, these areas were captured in the Lending Test.

The Interstate Banking and Branching Efficiency Act of 1994 (“IBBEA”) requires the FDIC to evaluate the Bank’s overall performance within its assessment area and to reach separate conclusions on the Bank’s activities in each MSA in which the Bank has a branch office. A significant majority of the Bank’s assessment area is located in the Boston-Cambridge-Quincy, MA-NH MSA, which consists of the Boston-Quincy, MA MD and the Cambridge-Newton Framingham, MA MD. The Bank also operates in the Manchester-Nashua, NH MSA. Additionally, IBBEA requires separate CRA ratings for each state in which the Bank maintains a branch location (MA and NH). Further, Section 109 of IBBEA prohibits the establishment of a branch outside of a Bank’s home state primarily for the purpose of deposit production; therefore, an analysis of the loan-to-deposit ratio for NH was conducted to determine the adequacy of the Bank’s lending activity in this state.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The Lending Test evaluates the Bank's record of helping to meet the credit needs of its assessment area by considering small business, home mortgage, and community development lending; small farm and consumer lending are not included in this analysis as noted in the *Scope of Evaluation* section. The institution's lending performance is evaluated pursuant to the following criteria:

- Volume of lending activity or level of lending;
- Proportion of lending within the assessment area;
- Geographic distribution;
- Borrower profile;
- Quality and volume of community development lending; and
- Use of innovative or flexible lending practices.

Lowell Five is rated "Satisfactory" in the Lending Test. The following sections address the Bank's performance by Lending Test component throughout the assessment area.

I. Lending Activity

Overall, the Bank showed adequate responsiveness to assessment area credit needs considering the size of the institution, loan portfolio composition, and high level of competition within the assessment area.

The Bank's average net loan-to-deposit (LTD) ratio was 74.2 percent since the last examination and is considered reasonable given the institution's size, resources, business strategy, and assessment area credit needs. The average net LTD was calculated by averaging the Bank's 13 quarterly LTD ratios since the previous CRA evaluation on October 5, 2011. The Bank's average LTD was lower than the average LTD for two similarly situated financial institutions (Enterprise Bank and Pentucket Bank); however, is considered reasonable because of the Bank's recent strategic expansion into the commercial lending market. Similarly situated institutions were selected because of similar asset size, product mix, and market area to the Bank.

Lending Volume

Home Mortgage Lending

Overall, the Bank originated or purchased 622 residential loans totaling \$171.2 million in 2013 and 2014. Of these loans, 375 loans totaling \$83.9 million were originated or purchased in the assessment area. The number of refinance and home purchase loans declined from 2013 to 2014. The Bank attributes the decline to competition, the lack of loan originators on the streets, and recent emphasis on commercial lending. Market share reports from 2013 indicate that the Bank ranked 30th out of 440 lenders in the assessment area, with a share of 0.7 percent.

Small Business Lending

The Bank originated 204 small business loans totaling \$33.8 million in the assessment area in 2013 and 2014. Lending activity was compared to aggregate small business data in the assessment area to further analyze performance. Among the 124 lenders that reported small business loans within the counties that comprise the assessment area, the Bank ranked 32nd in a 2013 market share report.

II. Assessment Area Concentration

Overall, an adequate percentage of home mortgage and small business loans were made inside the Bank's assessment area in 2013 and 2014. Using the reported HMDA and small business loan information, 64.3 percent of loans were originated inside the assessment area by number, and 52.2 percent of loans were inside the assessment area by dollar volume. More emphasis is placed on the percentage of loans by number, since it has a more direct correlation to the number of borrowers served.

Table 3 - Distribution of Loans Inside and Outside of the Assessment Area

Loan Category or Type	Number of Loans				Total	Dollars in Loans \$(000s)				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2013	228	59.2	157	40.8	385	46,499	48.1	50,229	51.9	96,728
2014	147	62.0	90	38.0	237	37,394	50.2	37,088	49.8	74,482
Subtotal	375	60.4	247	39.6	622	83,893	49.0	87,317	51.0	171,210
Small Business										
2013	126	74.5	43	25.5	169	17,609	61.8	10,884	38.2	28,493
2014	78	71.0	32	29.0	110	16,204	62.6	9,669	37.4	25,873
Subtotal	204	72.8	75	27.3	279	33,813	62.2	20,553	37.8	54,366
Total	579	64.3	322	35.7	901	117,706	52.2	107,870	47.8	225,576
Source: 2013 and 2014 HMDA and CRA Reported Data										

Source: 2013 and 2014 HMDA and CRA Reported Data

Home Mortgage Lending

The Bank made an adequate percentage of its home mortgage loans inside the assessment area in both 2013 and 2014. While a majority of home mortgage loans were inside the assessment area by number in 2013, only 48.1 percent by dollar volume were in the assessment area. As indicated previously, greater emphasis is placed on the performance by number of loans. The Bank slightly improved the concentration of assessment area loans by dollar volume to 50.2 percent in 2014. Management indicated that while origination efforts are targeted to the assessment area, the Bank will also accept loans of good quality from outside this area.

Small Business Lending

The Bank distributed a majority of small business loans inside its assessment area in both 2013 and 2014. The proportion of loans in the assessment area by number and dollar volume was consistent for both years. The percentage of loans was considered adequate.

III. Geographic Distribution

Overall, the geographic distribution of small business and home mortgage loans reflects good dispersion throughout the assessment area. This conclusion is based primarily on the Bank's performance in the area's low- and moderate-income (LMI) census tracts for both products.

Home Mortgage Lending

The Bank's home mortgage lending performance reflects excellent dispersion throughout the assessment area, including LMI geographies. Table 4 shows the analysis of the Bank's residential

lending by census tract income level compared to the percentage of owner-occupied units and aggregate performance levels for 2013.

Table 4 – Distribution of Home Mortgage Loans by Income Category of the Geography				
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	Bank #	Bank %
Low				
2013	4.1	4.1	25	11.0
2014	5.9	NA	23	15.6
Moderate				
2013	17.5	14.1	54	23.7
2014	15.2	NA	37	25.2
Middle				
2013	54.5	54.2	107	46.9
2014	53.7	NA	67	45.6
Upper				
2013	23.9	27.6	42	18.4
2014	25.2	NA	20	13.6
NA				
2013	0.0	0.0	0.0	0.0
2014	0.0	NA	0.0	0.0
Total				
2013	100.0	100.0	228	100.0
2014	100.0	NA	147	100.0
<i>Source: 2010 U.S. Census; 2013 and 2014 HMDA Reported Data; 2013 HMDA Aggregate Data, NA is aggregate information which was not available as of the evaluation date</i>				

In 2013, the Bank's percentage of loans in low-income CTs exceeded the ratio of aggregate lending and the percentage of owner-occupied housing units in low-income geographies. The performance is further reflected in 2013 market share reports. The Bank was ranked 14th in the assessment area out of 162 lenders, for lending to borrowers within low-income tracts, with a market share of 1.9 percent. Notable national banks such as Wells Fargo, JP Morgan Chase, Bank of America, and Citibank, ranked ahead of Lowell Five.

Additionally in 2013, the percentage of loans in moderate-income CTs also exceeded the ratio of aggregate lending and the percentage of owner-occupied housing units in moderate-income geographies. The performance is further reflected in 2013 market share reports. The Bank was ranked 19th in the assessment area out of 244 lenders, for lending to borrowers within moderate-income tracts, with a market share of 1.2 percent.

The Bank's performance in 2014 showed a similar trend in the LMI CTs and exceeded the percentage of owner-occupied housing units in these geographies. Both years represent excellent dispersion in LMI CTs.

Small Business Lending

Small business lending reflects adequate dispersion throughout the assessment area, including LMI geographies. Table 5 illustrates the Bank's small business lending performance by CT income level in 2013 and 2014. Table 5 also includes the distribution of businesses for each year and 2013 aggregate performance in the assessment area.

Table 5 - Distribution of Small Business Loans by Income Category of the Geography				
Tract Income Level	% of Businesses	Aggregate Performance % of #	Bank #	Bank %
Low				
2013	12.7	10.4	16	12.7
2014	14.9	NA	8	10.3
Moderate				
2013	14.8	12.7	11	8.7
2014	12.1	NA	8	10.3
Middle				
2013	50.1	55.1	64	50.8
2014	49.9	NA	41	52.5
Upper				
2013	22.4	21.8	35	27.8
2014	23.1	NA	21	26.9
NA				
2013	0	0	0	0
2014	0	NA	0	0
Total				
2013	100.0	100.0	126	100.0
2014	100.0	NA	78	100.0
<i>Source: 2013 D&B Data; 2013 and 2014 CRA Reported Data; 2013 CRA Aggregate Data, NA is aggregate information which was not available as of the evaluation date</i>				

The Bank exceeded the 2013 aggregate in low-income census tracts and was equal to the percentage of assessment area businesses in these census tracts. In 2014 the Bank's lending in low-income CTs was below the percentage of assessment area businesses in these tracts.

The Bank's performance for originations in 2013 in moderate-income CTs was less than 2013 aggregate lending and also less than the percentage of businesses in moderate-income geographies. Performance for originations in 2014 in moderate-income CTs improved but was still slightly less than the percentage of assessment area businesses in these tracts. Nevertheless, the Bank's performance demonstrates that it is meeting its obligation of providing small business loans within its AA.

IV. Borrower Distribution

Overall, the distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among borrowers of different income levels and businesses of different sizes.

Home Mortgage Lending

The distribution of borrowers reflects, given the demographics of the assessment area, adequate penetration among individuals of different income levels, including low- and moderate- income. Table 6 provides details on the Bank's record of lending to borrowers by income level.

Table 6 – Distribution of Home Mortgage Loans by Income Category of the Borrower				
Borrower Income Level	% of Families	Aggregate Performance % of #	Bank #	Bank %
Low				
2013	24.0	8.7	23	10.1
2014	24.3	NA	8	5.5
Moderate				
2013	18.6	20.2	29	12.7
2014	18.3	NA	19	12.9
Middle				
2013	22.2	24.5	43	18.9
2014	21.8	NA	24	16.3
Upper				
2013	35.2	33.4	53	23.2
2014	35.6	NA	21	14.3
Income NR				
2013	0	13.2	80	35.1
2014	0	NA	75	51.0
Total				
2013	100.0	100.0	228	100.0
2014	100.0	NA	147	100.0
<i>Source: 2010 U.S. Census; 2013 and 2014 HMDA Reported Data; 2013 HMDA Aggregate Data, NA is aggregate information which was not available as of the evaluation date, NR is income not reported</i>				

As reflected in Table 6, the Bank extended a higher percentage of residential mortgage loans to low-income borrowers in 2013 than the aggregate market. The Bank's percentage of lending to low-income borrowers decreased in 2014. In both years, the Bank's percentages were well below the percentage of low-income families in the assessment area. However, a review of 2010 U.S. Census data revealed that 7.2 percent of families in the assessment area live below the poverty level, making it difficult for this group of borrowers to qualify for home financing. Furthermore, in 2013 the Bank ranked 25th out of 206 lenders in originating loans to low-income borrowers in the assessment area in 2013 with a market share of 0.8 percent.

Table 6 also shows that the Bank extended 12.7 percent of home mortgage loans to moderate-income borrowers in 2013. This performance is below the percentage of moderate-income families in the assessment area and aggregate performance levels. In 2013 the Bank ranked 44th out of 268 lenders in originating loans to moderate-income borrowers. The Bank exhibited a similar trend from 2013 to 2014. The Bank extended 12.9 percent of home mortgage loans to moderate-income borrowers in 2014. The Bank's performance in 2014 was also below the area demographic of 18.3 percent; however, the distribution of HMDA loans is reasonable.

Small Business Lending

With respect to small business loans, the Bank's performance reflects adequate penetration to businesses of different sizes given the demographics and aggregate lending performance in the assessment area. Table 7 provides details of this analysis.

Table 7 – Distribution of Small Business Loans by Gross Annual Revenue Category				
Business Revenue Level	% of Businesses	Aggregate Performance % of #	Bank #	Bank %
≤\$1,000,000				
2013	72.9	45.9	89	70.6
2014	72.1	NA	55	70.5
>1,000,000 or NR				
2013	27.1	54.1	37	29.4
2014	27.9	NA	23	29.5
Total				
2013	100.0	100.0	126	100.0
2014	100.0	NA	78	100.0
<i>Source: 2013 D&B Data; 2013 and 2014 CRA Reported Data; 2013 CRA Aggregate Data, NA is aggregate information which was not available as of the evaluation date, NR is revenue not reported</i>				

Table 7 indicates the distribution of loans to small businesses was slightly less than area demographics, but well above aggregate lending in 2013. Additionally, the Bank was ranked 32nd in the assessment area in small business loans to businesses with revenues of \$1 million or less in 2013. The Bank held a market share of 0.3 percent in its assessment area. Although less than business demographics, the performance suggests the Bank is meeting the credit needs of small businesses in the area.

Performance levels in 2014 were similar to 2013, whereby the Bank originated 70.5 percent of its small business loans to businesses with GARs of \$1 million or less. This percentage is still less than the percentage of small businesses; however, the performance suggests the Bank is meeting the credit needs of small businesses in the area.

Given the comparison to aggregate lending, the Bank's 2013 market rank, and the competitive nature of the assessment area, the Bank's dispersion of small business loans to businesses based on GARs is considered reasonable.

V. Community Development Lending

Lowell Five made a relatively high level of community development loans. During the evaluation period, the Bank originated or renewed 49 community development loans for a total of \$32 million. This represents a significant increase from the previous evaluation by number and dollar amount (22 loans and \$9.8 million, respectively). Additionally, the Bank exceeded the loan activity of its two similarly situated banks.

For the community development lending portion of the evaluation, examiners considered community development loans originated or renewed on a broader statewide or regional area (BSRA) since Lowell Five was responsive to community development lending needs within the assessment area. While all information is included quantitatively, it is important to note that approximately 92 percent of the number of community development loans, and 94 percent of the dollar volume, were inside the assessment area. The community development loans were distributed to a variety of organizations, primarily for the purposes of affordable housing and economic development. The record of community development lending is detailed in Table 9.

Table 8 - Community Development Loans												
Activity Year	Qualifying Category										Totals	
	Affordable Housing		Community Services*		Economic Development		Revitalization or Stabilization**		Neighborhood Stabilization Projects			
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2011	0	0	0	0	0	0	0	0	0	0	0	0
2012	15	7,840	0	0	0	0	0	0	0	0	15	7,840
2013	14	5,617	0	0	2	2,879	0	0	0	0	16	8,496
2014	16	6,269	0	0	1	1,156	0	0	0	0	17	7,425
1/1/2015- 2/23/2015	0	0	0	0	1	8,260	0	0	0	0	1	8,260
Total	45	19,726	0	0	4	12,295	0	0	0	0	49	32,021
Source: Bank Records												
*Targeted to Low- or Moderate Income Individuals												
**Of Low- or Moderate-Income, Disaster, Distressed, or Underserved Geographies												

The following originations are a representative sample of the Bank's community development record:

- In 2012, the Bank originated a \$2.2 million loan to purchase two 18 unit affordable housing apartment buildings in Methuen, MA. The units primarily benefit LMI individuals.
- In 2012, the Bank originated a \$740,000 loan to refinance and provide improvements on a 12 unit affordable housing property in Haverhill, MA. The units primarily benefit LMI individuals.
- In 2013, the Bank originated two SBA 504 loans totaling \$2.9 million to construct a 373 unit storage facility in Merrimack, NH. As a SBA 504 loan, the primary purpose of the loan is economic development through job creation or retention.
- In 2014, Lowell Five extended approximately \$3.6 million to purchase or refinance multi-family affordable housing loans in the Lowell and Lawrence areas of MA. The units in both locations primarily benefitted LMI individuals.
- In 2015, the Bank originated an \$8.2 million loan for the acquisition and construction of a bowling complex and entertainment center in Tewksbury, MA. Also as a 504 SBA loan, the primary purpose of the loan is economic development through job creation or retention.
- Lowell Five approved an original monetary commitment of \$2.9 million to a development and financial corporation to assist in the reinvention and replication of affordable housing units at the Julien D. Steele Project (Project). The development is located within a moderate-income CT within the Bank's assessment area. The primary purpose of the Project is the build affordable housing for the area's LMI population. The Project has built a combination of single-family homes and duplexes totaling 127 units. The Project was started in April 2006, and Lowell Five began funding their \$2.9 million

credit facility in July of that year. Since the prior evaluation, Lowell Five granted an extension, in October 2014, for \$1 million. The Bank also advanced approximately \$230,000 in 2014.

VI. Innovative or Flexible Lending Practices

This performance factor considered all innovative and flexible lending activities since the prior evaluation, covering October 5, 2011 through February 23, 2015. Based on the Bank's primary business focus, the Bank made limited use of innovative and flexible lending programs to assist in meeting the credit needs of its assessment area. The majority of programs involve government-related subsidies and guarantees, in addition to the limited internal programs.

The following descriptions highlight the innovative and flexible loan programs offered by the Bank.

Home Mortgage Lending Programs

Lowell Five offered various flexible home mortgage loan products over the evaluation period.

- *In-house First-Time Home-Buyer (FTHB) Product* – Borrowers can choose from the following Adjustable Rate Mortgage loans (ARMs): 3/1, 5/1, 7/1, 10/1, and 15/1. All of the FTHB products are offered at the Bank's comparable 1 point ARM product; however, the borrower does not have to pay the point. During the review period, Lowell Five originated 33 FTHB loans totaling \$7.5 million.
- *Loan Modifications and Troubled Debt Restructurings*: During the evaluation period, the Bank utilized a residential loan modification and troubled debt restructuring program to help customers avoid foreclosure and retain their homes. Under this program, the Bank works with customers to lower their interest rate and adjust repayment terms to help them better meet their residential mortgage loan obligations. Lowell Five made 32 such residential loan modifications or restructurings during the review period.

Small Business Lending Programs

In addition to its standard commercial loan programs, the Bank also offers the following flexible small business loan programs, both in-house and in cooperation with both federal and state government organizations. These include an in-house Multi-Family Loan Product, the Small Business Administration (SBA), FICO Liquid Credit Program, and the Massachusetts Small Business Partnership.

- *In-House Multi-Family Loan Product* – Lowell Five offers a commercial loan product secured by 1-4 family non-owner occupied properties. The pricing structure was established to provide more favorable options for individuals seeking to purchase small residential investment properties, with underwriting and approval not being tied to secondary market requirements. The terms of this product mirror the more traditional 5/1 ARM product, but the rate is 1.0 percent above the published residential mortgage ARM product. In addition, standard commercial underwriting requirements apply rather than the more standardized restrictions imposed by the secondary market. This allows the Bank more flexibility in conducting the analysis and provides approvals based on specific circumstances. During the examination period, the Bank originated 28 multi-family loans totaling approximately \$8.1 million.

- *Massachusetts Small Business Partnership* – This loan program is designed to help small businesses (defined as less than \$5 million in revenues) throughout MA obtain loans from participating banks. The Commonwealth of MA deposited \$5 million for use by the Bank in making small business loans between \$10,000 and \$500,000 through the Office of the Treasurer’s Small Business Partnership. During the evaluation period the Bank originated 123 loans under this program totaling \$13.2 million.
- *FICO Liquid Credit Business Loans* – The FICO Liquid Credit Decision Manager assists the Bank in underwriting small business loan applications where an applicant may not qualify for a business loan using traditional business underwriting guidelines. During the examination period, Lowell Five originated 7 loans totaling \$143,000.
- *SBA 7a and Express Loan Programs* – These are the most common programs within the SBA. The maximum loan amount is \$5 million, and most loans are guaranteed by the SBA at 75 percent of the value. During the examination period, the Bank originated 6 loans totaling \$1.15 million.
- *SBA 504 Third Party Loan Program* – This loan program provides long-term fixed asset financing made through a Certified Development Company (CDC). Generally, the loan structure includes a 10 percent equity investment by the small business, 40 percent participation from the CDC, and 50 percent participation by the Bank. During the examination period the Bank originated 6 loans totaling \$12.4 million.

INVESTMENT TEST

Qualified Investments

A qualified investment for the purposes of this CRA evaluation is a lawful investment, deposit, donation, or grant that has community development as its primary purpose. The Investment Test evaluates the institution’s record of helping to meet the credit needs of its assessment area through its use of qualified investments that benefit the assessment area or a broader statewide or regional area that includes the institution’s assessment area. Activities considered under the Lending or Service tests may not be considered under the Investment Test. The institution’s investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and 4) the degree to which the qualified investments are not routinely provided by private investors.

Lowell Five has an adequate level of qualified community development investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors.

During the evaluation period the Bank’s qualified investments and charitable donations totaled approximately \$1.6 million. Qualified investments totaled \$1.2 million. Of the qualified equity investments, all were new since the previous evaluation. The Bank increased the number of equity investments since the last examination. Additionally, the number of qualified equity investments exceeded the number of investments made by the two similarly situated banks.

Listed below are the Bank's qualified investments. New investments receive credit for the full purchase amount, while existing investments receive credit for the current book value. The Bank's prior qualified investment (\$1.5 million) was paid off in August 2012.

City of Lowell General Obligation Municipal Purpose Bond

On May 4, 2012, the Bank participated in a bond offering from the City of Lowell. The Bank's total investment was \$255,983. The investment is in the form of a general obligation tax-exempt bond for the City of Lowell, an area that is primarily comprised of low- and moderate-income areas. Of the 25 census tracts in the City of Lowell, 21 are low- or moderate-income as of the 2014 updated demographic figures. The funds will go towards various public works projects including land acquisition, park improvements, sewer repairs, wastewater treatment plant remains, and school roof repairs.

Greater Lowell Regional Vocational Technical High School General Obligation State Qualified School Bonds

On May 21, 2014, the Bank participated in a bond offering from the Great Lowell Regional Vocation Technical School District. The Bank made two investments of \$490,000, for a total investment of \$980,000. The investment is in the form of a general obligation state qualified school bond that will benefit the Greater Lowell Regional Vocational Technical High School which is located in Tyngsboro and also serves the cities of Dracut, Dunstable and Lowell. Of the 33 census tracts in the aforementioned cities, 21 are low- or moderate-income. Additionally, the high school is primarily comprised of students who receive free or reduced lunch, a proxy method for determining if the school primarily serves low- and moderate-income students. The funds will go towards the construction of a new vocation high school to replace the existing structure.

Charitable Contributions

The Bank made approximately \$1.2 million in charitable donations from October 5, 2011 through February 23, 2015. Of this total \$333,800, or 28.5 percent, were qualified CRA contributions. All qualified donations benefitted the Bank's assessment area or broader statewide or regional area, including the Bank's assessment area. These funds primarily supported organizations that provide community services to low- and moderate-income individuals and families. A comparison of the Bank's qualified donations, by year, to pre-tax net operating income revealed the following: 2012 was 2.4 percent, 2013 was 5.5 percent, and 2014 was 2.2 percent. While the total amount of total qualified donations was slightly less than the last examination, the overall level of donations remains adequate.

Table 9 details all qualified donations made during the review period by year and community development category.

Table 9 Community Development Grants and Donations Bank-wide												
Activity Year	Qualifying Category										Totals	
	Affordable Housing		Community Services*		Economic Development		Revitalization or Stabilization**		Neighborhood Stabilization Projects			
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
10-12/2011	6	5,250	8	21,000	0	0	0	0	0	0	14	26,250
2012	9	12,500	27	73,050	3	12,500	0	0	0	0	39	98,050
2013	10	13,550	28	71,550	4	15,000	0	0	0	0	42	101,100
2014	10	16,900	28	72,250	2	9,000	0	0	0	0	40	98,150
1-2/2015	1	5,000	4	6,250	0	0	0	0	0	0	5	11,250
Total	36	53,200	95	244,100	9	36,500	0	0	0	0	140	333,800

Source: Internal Bank Records

*Targeted to Low- or Moderate-Income Individuals

** In Low- or Moderate-Income, Disaster, Distressed, or Underserved Geographies

The following is a sample of organizations that received donations from the Bank:

Cambodian Mutual Assistance Association (CMAA) - CMAA is dedicated to improving the quality of life for Cambodian Americans and other minorities and economically disadvantaged persons in Lowell through educational, cultural, economic, and social programs. Amongst other programs, CMAA provides first-time homebuyers seminars and financial education. The majority of the program recipients are LMI.

Coalition for a Better Acre (CBA) - CBA is a community development corporation dedicated to resident empowerment and sustainable community revitalization for current and future residents of Lowell and the Merrimack Valley. CBA is committed to providing economic development, real estate development, and resident empowerment to promote and support their community. Through their first-time homebuyer program, CBA gives low-income and working-class families the opportunity to live in safe and attractive affordable homes. With the help of the Bank's donation, CBA will be able to continue to promote healthy, vibrant neighborhoods by developing affordable housing and economic opportunities. The majority of the recipients are LMI.

D'Youville Life and Wellness Community- Located in a moderate-income census tract and serving the senior community of Greater Lowell, D'Youville Life and Wellness Community provides a continuum of care including an adult day health care program, a long-term nursing care program, and an independent affordable housing community. With the support of community partners such as Lowell Five, D'Youville is able to provide its services to approximately 500 low-income seniors. The majority of the seniors are LMI.

Elder Services of the Merrimack Valley, Inc. - This organization is a private non-profit agency serving elders and disabled adults who reside in Greater Haverhill, Greater Lawrence, and Greater Lowell. Services, benefits, and programs that support elders, adults with disabilities, and caregivers are primarily provided to low- and moderate-income individuals, families, and those on a fixed-income at little or no cost. Assessment and referral services are available to everyone regardless of income.

Lowell Community Health Center- Lowell Community Health Center is dedicated to providing access to high quality, affordable health care to children and adults of all ages regardless of their ability to pay. The health center provides caring, quality, and culturally competent health services to the people of Greater Lowell in order to reduce health disparities in the community. The majority of the program recipients are LMI.

Lowell Transitional Living Center (LTLC) - LTLC provides the most vulnerable adults in the Lowell community with food, shelter, stability and dignity. The center provides programs and services that meet immediate needs for emergency shelter and food. The Bank's donation allows the center to continue to provide these services. The majority of the program recipients are LMI.

Merrimack Valley Food Bank- The Merrimack Valley Food Bank is a community supported non-profit that provides food and personal care items to the low-income, homeless and hungry. The program distributes more than 2 million pounds of food annually.

Nashua Soup Kitchen and Shelter, Inc. (NSKS) - NSKS provides shelter and food to LMI individuals and families in the greater Nashua area. NSKS provides non-perishable food, daily meals, affordable housing, and emergency shelter services.

SERVICE TEST

The Service Test evaluates the institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The institution's retail banking services are evaluated pursuant to the following criteria: 1) the distribution of the institution's branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals; 3) the availability and effectiveness of alternate systems for delivering retail banking services; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

In addition, the institution's community development services are evaluated pursuant to the following criteria: 1) the extent of community development services offered and used; 2) the innovativeness of community development services, including whether they serve low- and moderate-income customers in new ways or serve groups of customers not previously served; 3) the degree to which they serve low- and moderate-income areas or individuals; and 4) their responsiveness to available opportunities for community development services.

Accessibility of Delivery Systems

Lowell Five's service delivery systems are reasonably accessible to essentially all portions of the Bank's assessment area. In addition, branch hours are similar to other local financial institutions and feature extended hours on select days. The Bank's operations center, which also operates as a full-service branch, is located within a low-income tract in Lowell. Of the remaining 15 full-service branches, two locations operate within moderate-income tracts. Of those two locations one is Lowell, and the other is in Haverhill. Table 10 summarizes the Bank's branch and ATM distribution within its assessment area.

Table 10							
Branch and ATM Distribution with Demographic Data – Bank-wide							
Census Tract Income Level	Number of Tracts	Percent of Tracts	Percent of Population (%)	Branches/Main Office		ATMs	
				#	%	#	%
Low	27	18.1	15.4	1	6.3	2	50.0
Moderate	29	19.5	18.9	2	12.5	1	25.0
Middle	62	41.6	45.5	9	56.2	1	25.0
Upper	31	20.8	20.2	4	25.0	0	0.0
Total	149	100.0	100.0	16	100.0	4	100.0

Source: Internal Bank Records and 2014 updated FFIEC MFI figures

Changes in Branch Locations

To the extent changes have been made, the institution's record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income areas or to LMI individuals.

The Bank opened three branches and one free-standing ATM since the previous examination. The branch in Nashua, NH opened in 2012 and is located in an upper-income census tract. The branch in North Andover, MA opened in 2013 and is located in a middle-income census tract. The branch in Westford, within Nashoba Valley Technical High School, opened in 2013 and is located in an upper-income census tract. The ATM in North Andover, MA is located in a middle-income census tract and was opened in 2013.

The Bank also relocated one branch in Lowell from 13 Wood Street to 1095 Westford Street in Lowell, which is located in a moderate-income tract. The new location is across the street from the previous location. The Bank has not closed any branches since the last CRA evaluation.

Retail Banking Services

Services, (including, where appropriate, business hours) do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. Branch hours are convenient and comparable to other institutions, and bank services are sufficient to meet the needs of the assessment area. Certain branches close early on Wednesday afternoons, but remain open late on Thursdays.

The Bank maintains two branches located in schools, which are only open during the school year and during school hours. One branch is located at the Greater Lowell Technical High School in Tyngsboro and the other is located at the Nashoba Valley Technical High School in Westford.

All branches, with the exception of the aforementioned school locations, are open on Saturdays from 9 A.M to 12 P.M.

The Bank offers a variety of loan products including mortgages, new and used auto loans, home equity loans, second mortgages, and personal loans. The Bank offers checking products that offer low minimum opening deposits with debit card access. The Bank offers savings accounts that offer low minimum balance requirements and low monthly maintenance fees. The Bank also offers investment products for retirement planning and investment management, as well as a variety of insurance products.

Alternative Delivery Systems

The Bank allows customers to access their checking and savings accounts remotely, both online and through their internet-enabled mobile devices. Additional benefits include online bill pay and eStatements.

Community Development Services

Lowell Five provides a relatively high level of community development services. Table 11 illustrates the community development services by year and purpose.

Table 11						
Community Development Services – Bank-wide						
Activity Year	Community Development Purpose					Totals
	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Neighborhood Stabilization Projects	
	#	#	#	#	#	
10-12/2011	1	14	0	0	0	15
2012	1	15	0	0	0	16
2013	2	15	2	0	0	19
2014	2	20	2	0	0	24
1-2/2015	2	20	2	0	0	24
Total	8	84	6	0	0	98

Source: Internal Bank Records

The following is a sample of the Bank's involvement in community development services during the evaluation period.

Community Teamwork- Community Teamwork's mission is to mobilize resources for low-income residents living across 63 cities and towns in Middlesex and Essex counties, including the high need areas on Lowell and Lawrence. The organization mobilizes services for a wide range of needs including nutrition, housing, and business development. A Senior Vice President serves as President of the Board and Treasurer.

Girls Incorporated- Girls Incorporated of Greater Lowell inspires all girls to be strong, smart and bold. Through creative programs in safe and nurturing environment, the organization strives to teach the independence and personal responsibility girls need to succeed. The organization offers enrichment programs involving financial literacy, science, math, and art. The organization is located in a low-income census tract in Lowell and serves the entire city which is comprised of

majority LMI tracts. The majority of the girls are LMI. A Bank Vice President serves as a Vice President on the Board.

Lazarus House Ministries- Lazarus House Ministries helps head of households and individuals living in poverty regain their dignity and become self-sufficient members of their community by offering emergency shelter, food and clothing, transitional housing, health services, and work preparation to break their cycle of poverty. The organization is located in Lawrence and serves an area that is comprised of majority LMI tracts. An Executive Vice President serves as a Board Member.

Lowell Alternative House- The mission of the Lowell Alternative House is to provide a support system for women who have been victims of violence and domestic abuse. The organization provides hotline counseling services, legal advocacy, and short-term safe housing for abused women. The organization is located in Lowell and serves an area that is primarily comprised of LMI tracts. The majority of the clients served are LMI. A Bank officer, Assistant Vice President, and Vice President all serve on the Board of Directors for the organization.

Lowell Development and Finance Corporation (LDFC) - The LDFC is a non-profit community development corporation, which was created to aid the economic revitalization of Lowell. The mission of the LDFC is to offer low-interest loans as an incentive to invest in commercial and housing development within the City of Lowell. An Assistant Vice President serves on the Advisory Board.

Merrimack Valley Housing Partnership- The Merrimack Valley Housing Partnership is a non-profit organization whose mission is to promote affordable home ownership opportunities for low- and moderate-income individuals. The organization focuses its services, which include down payment assistance and first-time home buyer training programs, to the Greater Lowell area. A Bank officer serves on the Board.

Merrimack Valley Small Business Resource Center- The mission statement of the Merrimack Valley Small Business Center is to provide entrepreneurs from ethnically and economically diverse groups with the education, tools, and resources needed to create, sustain, and grow viable small businesses. The organization partners with the City of Lowell to fulfill its mission. An Assistant Vice President serves on the Loan Committee.

Nashua Front Door- The Front Door Agency is an organization that helps families in the greater Nashua area who are at-risk of homelessness. The organization provides transitional housing to those facing homelessness, homeless intervention programs and financial literacy programs to the neediest Nashua residents. The organization also operates a 6-unit permanent housing program for those earning 60 percent or less of the area median income. An Assistant Vice President serves as a Board member.

Educational Services and Seminars

Elder Services of Merrimack Valley- Four employees are Money Management volunteers for Elder Services of Merrimack Valley. The Money Management program is a free service that assists elders who are unable to manage their finances independently. The participants of this program are primarily low- and moderate-income senior citizens.

Cambodian Mutual Assistance Association- A Bank employee participated in one financial literacy course in 2011.

Community Teamwork- A Bank employee participated in one financial literacy course in 2013.

Merrimack Valley Housing Partnership- A Bank employee participated in one first-time home buyer program in 2014.

Lowell Housing Authority- The Lowell Housing Authority administers Section 8 housing for the City of Lowell and also manages the City's public housing. All residents of public housing and Section 8 housing are considered low- and moderate-income due to HUD income limits for both programs. Three Bank employees participated in one financial literacy program in 2012.

Other Community Development Services

- The Bank has numerous employees that speak a second language in addition to English. This allows the Bank to better serve its diverse population.
- The Bank participates in the Interest on Lawyers' Trust Accounts (IOLTA). Lawyers place large client deposits, such as escrow accounts, in interest bearing accounts, with the interest to be paid to the client. Deposits that would individually be too small or too short-term to generate interest are pooled into IOLTA accounts. Interest earned on the account is utilized to help fund improvements in the administration of justice and delivery of legal services to low-income clients.
- The Bank participates in the Massachusetts Community and Banking Council's (MCBC) Basic Banking in Massachusetts program. This statewide program is designed to offer low-cost checking and savings accounts to low- and moderate-income individuals.
- The Bank operates a school banking program where students can open a free interest bearing savings account without requiring a minimum balance. The Bank delivers a school banking starter kit to students at over twenty area schools.
- The Bank sponsors a program that offers Individual Development Accounts (IDAs) to members of the CMAA. The CMAA assists economically disadvantaged people of Lowell. Currently the Bank provides members of the CMAA with 25 no cost deposit accounts.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The Bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

STATE OF MASSACHUSETTS CRA EVALUATION

CRA RATING FOR (Massachusetts): Satisfactory

The Lending Test is rated: Satisfactory

The Investment Test is rated: Satisfactory

The Service Test is rated: High Satisfactory

A CRA rating of “Satisfactory” is assigned to Lowell Five’s performance within the MA portion of the assessment area (MA-AA). The Bank maintained an adequate record of helping to meet the credit needs of the MA-AA, in a manner consistent with its resources and capabilities.

SCOPE OF THE EVALUATION

The scope is similar to the overall scope discussed previously, except that this portion of the evaluation only considers assessment area activity within MA, which includes portions of the Boston-Cambridge-Quincy, MA-NH MSA #14460. Please refer to the overall discussion for more information on products reviewed, review timeframe, and weighting of products. A significant portion of the overall assessment area falls within MA and inside MSA #14460; therefore, the Bank’s MA performance carries the majority of the weight compared to the Bank’s performance within NH.

DESCRIPTION OF THE INSTITUTION’S OPERATIONS IN MASSACHUSETTS

The Bank maintains 15 offices in the MA-AA. Each office is located in the Cambridge-Newton-Framingham, MA MD #15764. The products and services discussed previously are offered in each branch location. This assessment area includes the towns mentioned previously in Table 2.

In 2013 the MA-AA included 20 low-income CTs, 29 moderate-income CTs, 51 middle-income CTs, and 25 upper-income CTs. As mentioned previously, on January 1, 2014, the CT income designation of the assessment area changed. As of January 1, 2014, the assessment area included 25 low-income CTs, 24 moderate-income CTs, 50 middle-income CTs, 26-upper-income CTs.

Population Data

The total population of the MA portion of assessment area, as of the 2010 U.S. Census, was 574,862. As of the 2010 U.S. Census, there were 206,750 households within the MA portion of the assessment area and 144,336 family households.

In 2013, 25.3 percent of the household families were low-income, 18.7 percent were moderate-income, 21.7 percent were middle-income, and 34.3 percent were upper-income. In 2014, 25.8 percent were low-income, 18.2 percent were moderate-income, 21.2 percent were middle-income, and 34.8 percent were upper-income.

Median Family Income Levels

The 2013 and 2014 estimated MFIs for the Cambridge-Newton-Framingham, MA MD #15764 are \$101,000 and \$93,300, respectively. In 2013 and 2014 the largest concentration of families is in the upper-income category, followed by the low-income category. Moderate-income families are the smallest group. Among all families, 7.5 percent are below the poverty level established by the U.S. Census Bureau which is the same as the poverty level for the State of

MA. While the relatively high percentage of LMI families may suggest increased opportunities for lending to this demographic, a portion of these families likely would not qualify for a mortgage loan.

Housing Characteristics

According to the 2010 U.S. Census, the assessment area contained 220,197 housing units of which 64.1 percent were owner-occupied, 29.8 percent were occupied-rental units, and 6.1 percent were vacant. The median housing value for the MA portion of the assessment area was \$359,304.

In 2013, 4.5 percent of the owner-occupied housing was located in low-income CTs, 18.7 percent in moderate-income CTs, 53.3 percent in middle-income CTs, and 23.5 percent was in upper-income CTs. In 2014, 6.7 percent of the owner-occupied housing was located in low-income CTs, 16.0 percent in moderate-income CTs, 52.2 percent in middle-income CTs, and 25.1 percent was in upper-income CTs.

Competition

The Bank faces significant competition within the MA-AA. In 2013, there were 412 lenders that originated 26,611 residential mortgage loans. Lowell Five ranked 30th with 193 loans and a market share of 0.7 percent. For small business loans, 121 lenders reported 41,158 small business loans in 2013 in the MA-AA and Lowell Five ranked 32nd with a market share of 0.3 percent.

Business Demographic Data

Businesses in the MA-AA are concentrated in the middle- and upper-income CTs. The *Borrower Profile* section of the Lending Test is based in part on the Bank's lending to the area's small businesses, which are defined as businesses with GARs of \$1.0 million or less. The percentage of MA-AA businesses that met this definition was 72.7 percent in 2013 and 71.8 in 2014.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MA-AA

LENDING TEST

The Bank's lending performance in the area is comparable to the Bank's lending performance overall and is considered adequate.

Lending Activity

Overall, the Bank showed adequate responsiveness to credit needs in the MA-AA considering the extent of operations in the area, loan portfolio composition, and high level of competition.

Home Mortgage Lending

Overall, the Bank originated 316 residential loans totaling \$70.9 million in the MA-AA in 2013 and 2014. Market share reports from 2013 indicate that the Bank ranked 30th out of 412 lenders in this assessment area, with a share of 0.7 percent. This performance is reasonable considering the Bank is primarily a real estate lender.

Small Business Lending

The Bank originated 166 small business loans totaling \$27.1 million in the MA-AA in 2013 and YTD 2014. Lending activity was compared to aggregate small business data in the MA-AA to

further analyze performance. Among the 121 lenders that reported small business loans in the MA-AA, the Bank ranked 32nd in the 2013 market share report.

Geographic Distribution

Overall, the geographic distribution of home mortgage and small business loans reflects good dispersion throughout the MA-AA. This conclusion is primarily based on an excellent level of lending in LMI geographies for home mortgage loans and an adequate level of lending in LMI geographies for small business loans.

Home Mortgage Lending

The Bank's home mortgage lending performance reflects excellent dispersion throughout the MA-AA, including LMI geographies. Table MA-1 shows the analysis of the Bank's residential lending by CT income level compared to the percentage of owner-occupied units and aggregate performance levels for 2013.

Table MA-1 – Distribution of Home Mortgage Loans by Income Category of the Geography				
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	Bank #	Bank %
Low				
2013	4.5	4.5	20	10.4
2014	6.7	NA	17	13.8
Moderate				
2013	18.7	14.9	44	22.8
2014	16.0	NA	29	23.6
Middle				
2013	53.3	53.1	94	48.7
2014	52.2	NA	58	47.1
Upper				
2013	23.5	27.5	35	18.1
2014	25.1	NA	19	15.5
NA				
2013	0	0	0	0
2014	0	NA	0	0
Total				
2013	100.0	100.0	193	100.0
2014	100.0	NA	123	100.0
<i>Source: 2010 U.S. Census; 2013 and 2014 HMDA Reported Data; 2013 HMDA Aggregate Data, NA is aggregate information which was not available as of the evaluation date</i>				

In 2013, the Bank's percentage of loans in low-income CTs was more than double the ratio of aggregate lending and the percentage of owner-occupied housing units in low-income geographies. The Bank's performance of lending in low-income CTs in 2014 was also more than double the percentage of owner-occupied housing units in low-income geographies. Furthermore in 2013, the Bank was ranked 15th in the MA-AA out of 146 lenders, for lending to borrowers within low-income tracts, with a market share of 1.7 percent.

In 2013, the Bank's percentage of loans in moderate-income census tracts was also greater than the ratio of aggregate lending and the percentage of owner-occupied housing units in moderate-

income geographies. The Bank's performance of lending in moderate-income CTs in 2014 was also greater than the percentage of owner-occupied housing units in moderate-income geographies. Furthermore, the Bank was ranked 21st in the MA-AA out of 225 lenders, for lending to borrowers within moderate-income tracts, with a market share of 1.1 percent.

Small Business Lending

Small business lending reflects adequate dispersion throughout the MA-AA, including LMI geographies. Table MA-2 illustrates the Bank's small business lending performance by CT income level in 2013 and 2014. Table MA-2 also includes the distribution of businesses for each year and 2013 aggregate performance in this assessment area.

Table MA-2 - Distribution of Small Business Loans by Income Category of the Geography				
Tract Income Level	% of Businesses	Aggregate Performance % of #	Bank #	Bank %
Low				
2013	12.9	10.4	11	10.7
2014	15.5	NA	7	11.1
Moderate				
2013	15.2	12.8	11	10.7
2014	11.8	NA	7	11.1
Middle				
2013	48.1	53.7	49	47.6
2014	47.9	NA	32	50.8
Upper				
2013	23.8	23.1	32	31.0
2014	24.8	NA	17	27.0
NA				
2013	0	0	0	0
2014	0	NA	0	0
Total				
2013	100.0	100.0	103	100.0
2014	100.0	NA	63	100.0
<i>Source: 2013 D&B Data; 2013 and 2014 CRA Reported Data; 2013 CRA Aggregate Data, NA is aggregate information which was not available as of the evaluation date</i>				

Table MA-2 shows the Bank's performance in low-income geographies was slightly above the 2013 aggregate lending and below the percentage of assessment area businesses in these CTs. The Bank's performance in 2014 shows a consistent trend in the low-income tracts (by percentage).

The Bank's performance for originations in moderate-income CTs was also below the percentage of businesses in moderate-income geographies; however, there is an improving trend in 2014 in these tracts (by percentage). Overall, the level of small business lending in LMI CTs is adequate.

Borrower Distribution

The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among borrowers of different income levels and businesses of different sizes.

Conclusions were based on adequate performance in lending to LMI individuals and small businesses in the MA-AA.

Home Mortgage Lending

The distribution of borrowers reflects, given the demographics of the assessment area, adequate penetration among individuals of different income levels, including LMI. See Table MA-3 for details on the Bank's record of lending to borrowers by income level.

Table MA-3 – Distribution of Home Mortgage Loans by Income Category of the Borrower				
Borrower Income Level	% of Families	Aggregate Performance % of #	Bank #	Bank %
Low				
2013	25.3	9.2	21	10.9
2014	25.8	NA	8	6.5
Moderate				
2013	18.7	20.7	27	14.0
2014	18.2	NA	19	15.4
Middle				
2013	21.7	24.4	41	21.2
2014	21.2	NA	21	17.1
Upper				
2013	34.3	32.7	46	23.8
2014	34.8	NA	21	17.1
Income NR				
2013	0	13.0	58	30.1
2014	0	NA	54	43.9
Total				
2013	100.0	100.0	193	100.0
2014	100.0	NA	123	100.0
<i>Source: 2010 U.S. Census; 2013 and 2014 HMDA Reported Data; 2013 HMDA Aggregate Data, NA is aggregate information which was not available as of the evaluation date, NR is income not reported</i>				

As reflected in Table MA-3, the Bank extended a higher percentage of home mortgage loans to low-income borrowers in 2013 than the aggregate market. The Bank's performance decreased to 6.5 percent of total loans in 2014. In both years, the Bank's percentages were below the percentage of low-income families in the MA-AA. This is reasonable considering the difficulty low-income families may have in qualifying for a home mortgage. Furthermore, the Bank ranked 24th out of 191 lenders in originating loans to low-income borrowers in the assessment area in 2013 with a market share of 0.9 percent.

The Bank's 2013 the Bank extended a lower percentage of home mortgage loans to moderate-income borrowers in 2013 than the aggregate market. The Bank's performance increased to 15.4 percent of total loans in 2014. In both years, the Bank's percentages were below the percentage of moderate-income families in the MA-AA. However, Lowell Five ranked 40th out of 244 lenders in originating loans to moderate-income borrowers in the assessment area in 2013 with a market share of 0.5 percent illustrating the Bank is willing to lend to all borrower types.

Small Business Lending

With respect to small business loans, the Bank's performance reflects adequate penetration of businesses of different sizes, given the demographics and aggregate lending performance in the assessment area. Table MA-4 provides details of this analysis.

Table MA-4 – Distribution of Small Business Loans by Gross Annual Revenue Category				
Business Revenue Level	% of Businesses	Aggregate Performance % of #	Bank #	Bank %
≤\$1,000,000				
2013	72.7	45.9	74	71.8
2014	71.8	NA	42	66.7
>1,000,000 or NR				
2013	27.3	54.1	29	28.2
2014	28.2	NA	21	33.3
Total				
2013	100.0	100.0	103	100.0
2014	100.0	NA	63	100.0
<i>Source: 2013 D&B Data; 2013 and 2014 CRA Reported Data; 2013 CRA Aggregate Data, NA is aggregate information which was not available as of the evaluation date, NR is revenue not reported</i>				

Table MA-4 indicates the distribution of loans to small businesses was comparable to the percentage of area businesses, and well above aggregate lending in 2013. In 2014, the distribution of loans to small businesses was slightly less than area demographics.

Community Development Lending

Lowell Five made a relatively high level of community development loans in the MA-AA. During the evaluation period, the Bank originated or renewed 38 community development loans for a total of \$25.2 million in this area. Please see the *Community Development Lending* section of the overall evaluation for a more detailed summary of community development loans.

Innovative or Flexible Lending Practices

This performance factor considered all innovative and flexible lending activities since the prior evaluation. Since the Bank's product offering is consistent in all areas, all programs referenced in the overall discussion were also considered in the MA-AA analysis. Based on the Bank's primary business focus, the Bank makes limited use of innovative and flexible lending programs to assist in meeting the credit needs of its assessment area. The majority of programs involve government related subsidies and guarantees, in addition to the limited internal programs.

Descriptions of the innovative and flexible loan programs offered by the Bank are included in the overall discussion. The volume of loans made within the MA-AA is slightly less than the extent of the Bank's branch presence in these communities.

INVESTMENT TEST

The institution's Investment Test is rated "Satisfactory" for the MA-AA. The Bank made an adequate level of qualified investments and charitable donations in MA during the evaluation period. A total of \$316,100 was donated to community development organizations in the MA-

AA. The majority of donations went to organizations that provide community services targeted to LMI individuals; however, a large portion of contributions also went towards organizations providing affordable housing and economic development. All of the Bank's qualified equity investments are in the MA-AA. Please refer to descriptions in the overall discussion for further details regarding qualified investments.

SERVICE TEST

The institution's Service Test is rated "High Satisfactory" for the MA-AA. The Service Test evaluates the institution's record of helping meet the credit needs of its assessment area by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services.

Accessibility of Delivery Systems

The Bank's service delivery systems are reasonably accessible to geographies and individuals of different income levels in the MA-AA.

Changes in Branch Locations

To the extent changes have been made, the Bank's record of opening and closing branches has generally not adversely affected the affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.

The branch in North Andover, MA opened in 2013 and is located in a middle-income census tract. The branch in Westford, within Nashoba Valley Technical High School, opened in 2013 and is located in an upper-income census tract.

The Bank also relocated one branch in Lowell from 13 Wood Street to 1095 Westford Street in Lowell, which is located in a moderate-income tract. The new location is across the street from the previous location.

Reasonableness of Business Hours and Services

The Bank's services do not vary in a way that inconveniences its assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. Please refer to the overall Service Test analysis for additional details regarding the Bank's services and business hours.

Community Development Services

The Bank provides a relatively high level of community development services. Please refer to descriptions in the overall discussion for further details regarding qualified investments.

STATE OF NEW HAMPSHIRE CRA EVALUATION

CRA RATING FOR (New Hampshire): Needs to Improve

<i>The Lending Test is rated:</i>	Satisfactory
<i>The Investment Test is rated:</i>	Needs to Improve
<i>The Service Test is rated:</i>	Satisfactory

A CRA rating of “Needs to Improve” is assigned to Lowell Five’s performance within the NH portion of the assessment area (NH-AA). The Bank maintained a poor record of helping to meet the credit needs of the NH-AA, in a manner consistent with its resources and capabilities.

SCOPE OF THE EVALUATION

The scope is similar to the overall scope discussed previously, except that this portion of the evaluation only considers assessment area activity within NH, excluding the Boston-Cambridge-Quincy, MA-NH MSA #14460. Please refer to the overall discussion for more information on products reviewed, review timeframe, and weighting of products. Only a small portion of the overall assessment area falls within NH and consists of a portion of the Manchester-Nashua, NH MSA #31700; therefore, the Bank’s NH performance carries less weight compared to the Bank’s performance within the multistate MSA #14460 (MA-AA).

DESCRIPTION OF THE INSTITUTION’S OPERATIONS IN NEW HAMPSHIRE

Lowell Five expanded its assessment area during the evaluation period to include Hillsborough County when a branch was opened in Nashua, NH in 2012. The Bank maintains one branch office in the NH-AA located in the Hillsborough County in the Manchester-Nashua, NH MSA #31700. The products and services discussed in the overall assessment area are offered in this branch. This assessment area includes the towns mentioned previously in Table 2.

In 2013 the NH portion of the AA assessment area included 2 low-income CTs, 5 moderate-income CTs, 12 middle-income CTs, and 5 upper-income CTs. The 2014 change in CT designation did not impact the NH portion of the AA; therefore, the CT designations were the same in 2014.

Population Data

The total population of the NH-AA as of the 2010 U.S. Census was 123,858. As of the 2010 U.S. Census, there were 48,095 households within the NH-AA and 32,215 family households. In 2013 and 2014, 17.8 percent of the household families were low-income, 18.5 percent were moderate-income, 24.4 percent were middle-income, and 39.3 percent were upper-income.

Median Family Income Levels

The 2013 and 2014 estimated MFIs for the Manchester-Nashua, NH MSA are 84,700 and \$85,200, respectively. In 2013 and 2014 the largest concentration of families is in the upper-income category, followed by middle-income families. Among all families in the NH-AA, only 4.2 percent is below the poverty level established by the U.S. Census Bureau. This is lower than the NH poverty rate of 5.1 percent.

Housing Characteristics

According to the 2010 U.S. Census, the assessment area contained 50,480 housing units of which 63.7 percent were owner-occupied, 31.6 percent were occupied-rental units, and 4.7 percent were vacant. The median housing value for the NH portion of the assessment area was \$280,089.

In 2013 and 2014, 2.2 percent of the owner-occupied housing was located in low-income CTs, 11.9 percent in moderate-income CTs, 60.1 percent in middle-income CTs, and 25.8 percent was in upper-income CTs.

Competition

The Bank faces significant competition within the NH-AA. In 2013, there were 228 lenders that originated 5,624 residential mortgage loans. Lowell Five ranked 33rd with 35 loans and a market share of 0.6 percent. For small business loans, 54 lenders reported 6,556 small business loans in 2013 in the NH-AA and Lowell Five ranked 26th with a market share of 0.4 percent.

Business Demographic Data

Businesses in the NH-AA are concentrated in the middle- and upper-income CTs. The *Borrower Profile* section of the Lending Test is based in part on the Bank's lending to the area's small businesses, which are defined as businesses with GARs of \$1 million or less. The percentage of NA-AA businesses that met this definition was 73.6 percent in 2013 and 72.9 in 2014.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NH-AA.

LENDING TEST

The Bank's lending performance is adequate considering its limited branch presence, the timing of the opening, and the level of competition.

Lending Activity

Overall, the Bank showed adequate responsiveness to credit needs in the NH-AA considering the extent of operations in the area, loan portfolio composition, and high level of competition.

Home Mortgage Lending

Overall, the Bank originated 59 residential loans totaling \$13.0 million in the NH-AA in 2013 and 2014. Market share reports from 2013 indicate that the Bank ranked 33rd out of 228 lenders in this assessment area, with a share of 0.6 percent. This performance is adequate considering that the Bank has only one office in this AA and it was opened during the evaluation period.

Small Business Lending

The Bank originated 38 small business loans totaling \$6.7 million in the NH-AA in 2013 and 2014. Lending activity was compared to aggregate small business data in the NH-AA to further analyze performance. Among the 54 lenders that reported small business loans in the NH-AA, the Bank ranked 26th in a 2013 market share report. This performance is adequate considering that the Bank has only one office in this AA and it was opened during the evaluation period.

Geographic Distribution

Overall, the geographic distribution of small business and home mortgage loans reflects good dispersion throughout the NH-AA. This conclusion is primarily based on excellent performance in

the area's LMI census tracts for home mortgage lending and adequate performance in small business lending in 2013 and 2014.

Home Mortgage Lending

The Bank's home mortgage lending performance reflects excellent dispersion throughout the NH-AA, including LMI geographies. Table NH-1 shows the analysis of the Bank's residential lending by CT income level.

Table NH-1 – Distribution of Home Mortgage Loans by Income Category of the Geography				
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	Bank #	Bank %
Low				
2013	2.2	2.2	5	14.3
2014	2.2	NA	6	25.0
Moderate				
2013	11.9	10.5	10	28.6
2014	11.9	NA	8	33.3
Middle				
2013	60.1	59.5	13	37.1
2014	60.1	NA	9	37.5
Upper				
2013	25.8	27.8	7	20.0
2014	25.8	NA	1	4.2
NA				
2013	0	0	0	0
2014	0	NA	0	0
Total				
2013	100.0	100.0	35	100.0
2014	100.0	NA	24	100.0
<i>Source: 2010 U.S. Census; 2013 and 2014 HMDA Reported Data; 2013 HMDA Aggregate Data, NA is aggregate information which was not available as of the evaluation date</i>				

In 2013, the Bank's percentage of loans in low-income CTs greatly exceeded the ratio of aggregate lending and the percentage of owner-occupied housing units in low-income geographies. The Bank's performance of lending in low-income CTs in 2014 also exceeded the percentage of owner-occupied housing units in low-income geographies. Furthermore, the Bank was ranked 5th in the NA-AA out of 49 lenders, for lending to borrowers within low-income tracts, with a market share of 4.1 percent

In 2013, the Bank's percentage of loans in moderate-income census tracts also greatly exceeded the ratio of aggregate lending and the percentage of owner-occupied housing units in moderate-income geographies. The Bank's performance of lending in moderate-income CTs in 2014 was almost triple the percentage of owner-occupied housing units in moderate-income geographies. Furthermore, the Bank was ranked 16th in the NH-AA out of 111 lenders, for lending to borrowers within moderate-income tracts, with a market share of 1.7 percent.

Small Business Lending

Small business lending reflects adequate dispersion throughout the NH-AA, including LMI geographies. Table NH-2 illustrates the Bank's small business lending performance by CT

income level in 2013 and 2014. Table NH-2 also includes the distribution of businesses for each year and 2013 aggregate performance in this assessment area.

Table NH-2 - Distribution of Small Business Loans by Income Category of the Geography				
Tract Income Level	% of Businesses	Aggregate Performance % of #	Bank #	Bank %
Low				
2013	12.0	10.4	5	21.7
2014	12.1	NA	1	6.7
Moderate				
2013	13.4	12.5	0	0
2014	13.5	NA	1	6.7
Middle				
2013	58.3	60.5	15	65.2
2014	58.1	NA	9	60.0
Upper				
2013	16.3	16.7	3	13.1
2014	16.2	NA	4	26.6
NA				
2013	0	0	0	0
2014	0	NA	0	0
Total				
2013	100.0	100.0	23	100.0
2014	100.0	NA	15	100.0
<i>Source: 2013 D&B Data; 2013 and 2014 CRA Reported Data; 2013 CRA Aggregate Data, NA is aggregate information which was not available as of the evaluation date</i>				

Table NH-2 shows the Bank's performance in low-income geographies exceeded the 2013 aggregate lending and the percentage of assessment area businesses in these CTs. The Bank's performance in 2014 was lower; however, there was only one loan originated in a low-income CT. The Bank did not originate any loans in a moderate-income CT in 2014 and only one loan in 2014. This performance is mitigated by the fact that a majority of the CTs in the NH-AA are middle- and upper-income. Additionally, the Bank's physical presence in this AA is new and the Bank only holds 0.4 percent of the market share for small business loans in the NH-AA.

Borrower Distribution

The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among borrowers of different income levels and businesses of different sizes. Conclusions were based on adequate performance in lending to LMI individuals and small businesses in the NH-AA.

Home Mortgage Lending

The distribution of borrowers reflects, given the demographics of the assessment area, adequate penetration among individuals of different income levels, including LMI. Table NH-3 provides details on the Bank's record of lending to borrowers by income level.

Table NH-3 – Distribution of Home Mortgage Loans by Income Category of the Borrower				
Borrower Income Level	% of Families	Aggregate Performance % of #	Bank #	Bank %
Low				
2013	17.8	6.5	2	5.7
2014	17.8	NA	0	0.0
Moderate				
2013	18.5	17.8	2	5.7
2014	18.5	NA	0	0.0
Middle				
2013	24.4	25.1	2	5.7
2014	24.4	NA	3	12.5
Upper				
2013	39.3	36.7	7	20.0
2014	39.3	NA	0	0.0
Income NR				
2013	0	13.9	22	62.9
2014	0	NA	21	87.5
Total				
2013	100.0	100.0	35	100.0
2014	100.0	NA	24	100.0
<i>Source: 2010 U.S. Census; 2013 and 2014 HMDA Reported Data; 2013 HMDA Aggregate Data, NA is aggregate information which was not available as of the evaluation date, NR is income not reported</i>				

As reflected in Table NH-3, the Bank extended a lower percentage of home mortgage loans to low-income borrowers in 2013 than the aggregate market, although this represents only two loans. Two loans were again made to a low-income borrower in 2014. In both years, the Bank's percentages were below the percentage of low-income families in the NH-AA. This is reasonable considering the difficulty low-income families may have in qualifying for a home mortgage.

The Bank made no loans to moderate-income borrowers in both 2013 and 2014. Due to the small number of loans, small variations in the number of loans have a larger impact on the percentage of loans. Additionally, a significant number of loans were originated to borrowers with incomes not reported. This is expected in consideration of the Bank's strategic move towards commercial lending, especially in the NH portion of the AA. The Bank made several multi-family investment property loans, and in these loans, income is not collected.

Small Business Lending

With respect to small business loans, the Bank's performance reflects adequate penetration of businesses of different sizes, given the demographics and aggregate lending performance in the assessment area. Table NH-4 provides details of this analysis.

Table NH-4 – Distribution of Small Business Loans by Gross Annual Revenue Category				
Business Revenue Level	% of Businesses	Aggregate Performance % of #	Bank #	Bank %
≤\$1,000,000				
2013	73.6	45.9	15	65.2
2014	72.9	NA	13	86.7
>1,000,000 or NR				
2013	26.4	54.1	8	34.8
2014	27.1	NA	2	13.3
Total				
2013	100.0	100.0	23	100.0
2014	100.0	NA	15	100.0
<i>Source: 2013 D&B Data; 2013 and 2014 CRA Reported Data; 2013 CRA Aggregate Data, NA is aggregate information which was not available as of the evaluation date, NR is revenue not reported</i>				

Table NH-4 indicates the distribution of loans to small businesses was less than area demographics, but well above aggregate lending in 2013. Although less than business demographics, comparisons to aggregate data suggest the Bank is meeting the credit needs of small businesses in the area. Performance improved in 2014, and exceeded area demographics. Management indicated the opening of its Nashua branch should increase its percentage of loans to smaller businesses.

Community Development Lending

Lowell Five made an adequate level of community development loans in the NH-AA. As mentioned previously, for the community development lending portion of the evaluation, examiners considered community development loans originated on a BSRA in the state of NH since Lowell Five was responsive to community development lending needs within the NH-AA. During the evaluation period, the Bank originated or renewed 11 community development loans for a total of \$6.8 million in the state of New Hampshire. Of these 11 loans, 5 loans totaling \$2 million were outside the assessment area but have a broader state-wide benefit. As mentioned previously, the Bank opened their New Hampshire branch in 2012, and has done an adequate level of the community development lending. Please see the *Community Development Lending* section of the overall evaluation for a more detailed summary of community development loans.

Innovative or Flexible Lending Practices

This performance factor considered all innovative and flexible lending activities since the prior evaluation. Since the Bank's product offering is consistent in all areas, all programs referenced in the overall discussion were also considered in the NH-AA analysis. Based on the Bank's primary business focus, the Bank makes limited use of innovative and flexible lending programs to assist in meeting the credit needs of its assessment area. The majority of programs involve government related subsidies and guarantees, in addition to the limited internal programs.

Descriptions of the innovative and flexible loan programs offered by the Bank are included in the overall discussion.

INVESTMENT TEST

The institution's Investment Test performance is rated "Needs to Improve" for the NH-AA. The Bank has a poor level of qualified investments and charitable donations considering the extent of operations in this area. A total of \$17,700 was donated to community development organizations in the NH-AA since the previous examination. The majority of donations went to organizations that provide community development services targeted towards LMI individuals. The Bank did not make any qualified community development investments during the evaluation period in the NH-AA.

SERVICE TEST

The institution's Service Test is rated "Satisfactory" for the NH-AA. The Service Test evaluates the institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services.

Accessibility of Delivery Systems

The Bank's delivery systems are reasonably accessible to all portions of the NH-AA.

Changes in Branch Locations

The branch in Nashua was opened since the previous evaluation making the assessment area new since the previous examination. To the extent changes have been made, the Bank's record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and low- and moderate-income individuals.

Reasonableness of Business Hours and Services

The Bank's services do not vary in a way that inconveniences its assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. Please refer to the overall Service Test analysis for additional details regarding the Bank's services and business hours.

Community Development Services

Bank officers and staff members provided a limited level of community development services. During the evaluation period one Bank Vice President served on a local board that provides affordable housing services to LMI Nashua residents. The Bank's performance is mitigated by the Bank's limited branch presence in New Hampshire which has only been open since 2012.

MSA EVALUATION

IBBEA requires that CRA evaluations for interstate banks include performance test conclusions, facts, and data for each single-state MSA in which a bank has branches. Lowell Five only has branches in one single-state MSA in Massachusetts and New Hampshire, the discussion within the statewide evaluations captures the Bank's performance in these single-state MSAs. No further discussion is necessary. Please refer to the state discussions for additional information.

APPENDIX A

Fair Lending Policies and Practices

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106.

The Bank provides adequate fair lending training to employees and senior management and maintains a second review process for all denied loans. The Bank also maintains written FHA and ECOA policies. The Bank makes exceptions to loan policy.

MINORITY APPLICATION FLOW

The Bank's HMDA LARs for 2013 and 2014 were reviewed to determine if the application flow from the different minority groups within the Bank's assessment area was reflective of the assessment areas demographics.

The Bank's residential lending in 2013 was compared to the 2013 aggregate lending performance. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Bank received from minority residential loan applicants. Refer to Table 12 for information on the Bank's minority application flow as well as a comparison to aggregate lending data within the Bank's assessment area.

Table A1 - Minority Application Flow					
RACE	Bank 2013		2013 Aggregate Data	Bank 2014	
	#	%	%	#	%
American Indian/ Alaska Native	1	0.2	0.2	1	0.5
Asian	41	7.3	6.4	13	6.7
Black/ African American	3	0.5	1.5	4	2.1
Hawaiian/Pacific Islander	0	0.0	0.2	0	0.0
2 or more Minority Races	0	0.0	0.0	0	0.0
Joint Race (White/Minority)	5	0.9	1.0	2	1.0
Total Minority	50	8.9	9.4	20	10.3
White	371	65.8	69.5	118	60.8
Race Not Available	143	25.4	21.1	56	28.9
Total	564	100.0	100.0	194	100.0
ETHNICITY					
Hispanic or Latino	1	0.2	5.5	1	0.5
Not Hispanic or Latino	401	71.1	72.6	132	68.0
Joint (Hisp/Lat /Not Hisp/Lat)	6	1.1	0.9	3	1.6
Ethnicity Not Available	156	27.6	21.0	58	29.9
Total	564	100.0	100.0	194	100.0

Source: U.S. Census 2010, HMDA LAR Data 2013 and 2014, HMDA Aggregate Data 2013

According to the 2010 U.S. Census data, the Bank's assessment area had a population of 698,720 individuals, of which 27.0 percent are minorities. The assessment area's minority and ethnic population consists of 2.3 percent Black/African American, 7.1 percent Asian/Pacific Islander, 0.1 percent American Indian, 15.6 percent Hispanic, and 1.8 percent Other.

In 2013 the Bank received 564 HMDA reportable loan applications within its assessment area. Of these applications 8.9 percent were received from minority applicants. Of these, 58.0 percent resulted in originations versus 70.1 percent of aggregate applications from minorities that resulted in originations. The Bank's performance was slightly below the aggregate's performance of 9.4 percent of applications received from minorities. In 2013, the Bank received 1 applications representing 0.2 percent of applications from the Hispanic or Latino ethnic group, of which none were originated. The aggregate originated 60.1 percent of applications from the Hispanic or Latino ethnic group.

The Bank's minority application flow, when compared to the aggregate's lending performance levels and the assessment area demographics, is adequate.

APPENDIX B GENERAL DEFINITIONS

GEOGRAPHY TERMS

Block: Small areas bounded on all sides by visible features such as streets, roads, streams or rail road tracks, and invisible features like city or town boundaries or property lines. Blocks are subdivisions of census tracts or block numbering areas (BNA), and are assigned a unique three-digit number.

Block Group: Clusters of blocks within a census tract or BNA, having a four-digit number and a three-digit suffix. The four-digit number corresponds to the same number given to the census tract or BNA in which it is located.

Block Numbering Areas (BNAs): Statistical subdivisions of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. BNAs do not cross county lines.

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Primary Metropolitan Statistical Area (PMSA): A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

Consolidated Metropolitan Statistical Area (CMSA): The larger area of which PMSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

Rural Area: Territories, populations and housing units that are not classified as urban.

HOUSING TERMS

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

INCOME TERMS

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Family Income: Includes the income of all members of a family that are age 15 and older.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

HUD Adjusted Income Data: The US Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent US Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

Small Business Loan: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

APPENDIX C

INVESTMENT DEFINITIONS

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. The equity investments are subject to limits specified by the bank's regulator. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community as well as to the financial and marketing needs of the bank. A CDC may purchase, own, rehabilitate, construct, manage and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization. Any real estate ownership should generally be temporary, with ownership reverting to members or organizations in the community.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. They procure loans and investments that conventional financial institutions are unable to invest in, and they link financing to other developmental activities. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. CDFIs share a common mission and can be chartered as a credit union or bank. CDFIs can also be unregulated nonprofit institutions that gather private capital from a range of social investors for community development lending or investing. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, microenterprise funds, and community development venture capital funds. A certified CDFI must meet eligibility requirements, which include: having a primary mission of promoting community development; serving an investment area or target population; providing development services; maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means; and not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Low Income Housing Tax Credits: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended, which is administered by the US Department of the Treasury and the Internal Revenue Service. The US Treasury Department, through the Internal Revenue Service, distributes low-income housing tax credits to housing credit agencies. The housing agencies allocate tax credits on a competitive basis. Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits or sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains in place throughout the compliance period, usually 30 years.

Qualified Investments: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development to support the following endeavors: 1) affordable housing; 2) community services targeting low- and moderate-income individuals; 3) activities that promote economic development by financing small farms and small businesses; and 4) activities that revitalize or stabilize low- and moderate-income geographies.

APPENDIX D

Standard PE Language

LENDING TEST

Scope of Test

The lending test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by considering an institution's home mortgage, small business, small farm, and community development lending. The institution's lending performance is evaluated pursuant to the following criteria: 1) the volume of lending activity; 2) the proportion of lending within the assessment area(s); 3) the dispersion of loans and the number and amount of loans in low-, moderate-, middle- and upper-income geographies in the assessment area(s); 4) the distribution of loans among borrowers of low-, moderate-, middle- and upper-income levels and businesses (including farms) of different sizes; 5) the distribution of small business and small farm loans by loan amount at origination; 6) the volume of community development lending; and 7) the use of innovative or flexible lending practices. Performance under the lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

Community Development Lending:

Performance Criteria

The institution's community development lending activities are evaluated pursuant to the following criteria: 1) the extent to which community development lending opportunities have been made available to the institution; 2) the responsiveness of the institution's community development lending; and 3) the extent of leadership the institution has demonstrated in community development lending.

Innovative and Flexible Lending Practices:

Performance Criteria

The institution's innovative and flexible lending practices are evaluated pursuant to the following criteria: 1) the degree to which the loans serve low- and moderate-income creditworthy borrowers in new ways or serve groups of creditworthy borrowers not previously served by the institution; and 2) the success of each product serving low- and moderate-income borrowers, including the number and dollar volume of loans originated during the review period.

INVESTMENT TEST

Scope of Test

The investment test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through its use of qualified investments that benefit the assessment area(s) or a broader statewide or regional area that includes the institution's assessment area(s). Activities considered under the lending or service test may not be considered under the investment test.

The institution's investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and 4) the degree to which the qualified investments are not routinely provided by private investors.

SERVICE TEST

Scope of Test

The service test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The institution's retail banking services are evaluated pursuant to the following criteria: 1) the distribution of the institution's branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals; 3) the availability and effectiveness of alternate systems for delivering retail banking services; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

In addition, the institution's community development services are evaluated pursuant to the following criteria: 1) the extent of community development services offered and used; 2) the innovativeness of community development services, including whether they serve low- and moderate-income customers in new ways or serve groups of customers not previously served; 3) the degree to which they serve low- and moderate-income areas or individuals; and 4) their responsiveness to available opportunities for community development services.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks and the Federal Deposit Insurance Corporation, at 222 Merrimack Street, Lowell, Massachusetts 01852."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.